

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

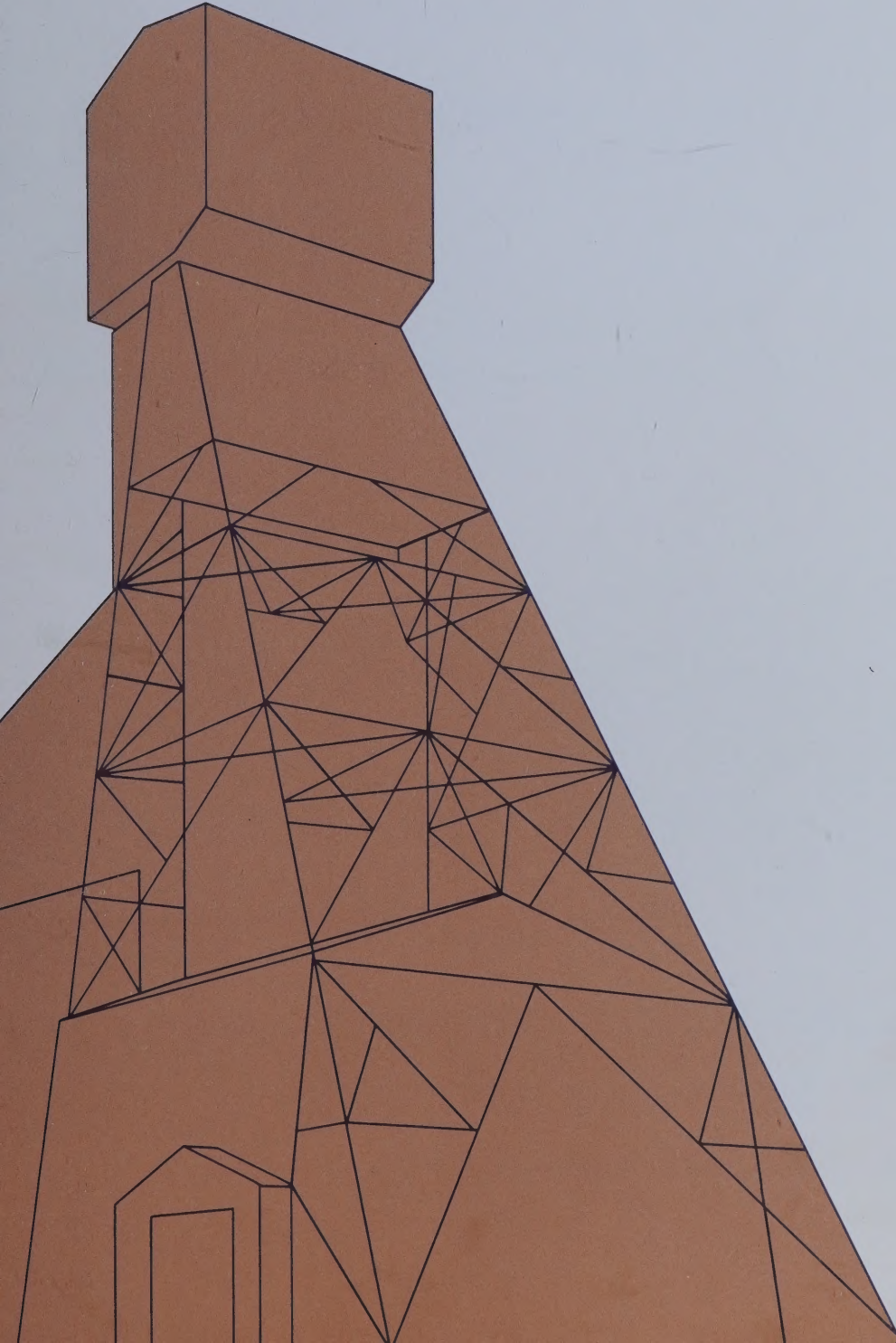
(NO PERSONAL LIABILITY)

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ANNUAL REPORT

FOR YEAR ENDED
SEPTEMBER 30, 1968





ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

ANNUAL REPORT

FOR YEAR ENDED SEPTEMBER 30, 1968

This report is not intended to be a solicitation or an offer to buy or sell shares of the Company and is issued only for the purpose of keeping its shareholders informed.

All technical information is based on published sources as well as other sources which the Company considers to be reliable.

Sur demande, il nous fera plaisir de vous adresser l'édition française de ce rapport.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

April 1969

OFFICERS:

President: JEAN-JOFFRE GOURD, Q.C.

Executive Vice-President: J.-CLAUDE CARON, Eng.

Vice-President and General Counsel: JEAN MONETTE, Q.C.

Secretary-Treasurer: RICHARD STAINES, C.A.

DIRECTORS:

EUGÈNE DEFAUW, Industrialist, Brussels, Belgium

WILFRID E. DODD, Executive, London, England

MICHEL FOURNIER, Banque de l'Indochine, Paris, France

JEAN-JOFFRE GOURD, Q.C., Advocate, Montreal

JEAN MONETTE, Q.C., Advocate, Montreal

PETER N. THOMSON, Executive, Montreal

J. EMERSON THORS, Kuhn, Loeb & Co., Investment Bankers, New York

HENRY J. WOLFF, Chadbourne, Parke, Whiteside & Wolff, Attorneys, New York

Transfer Agents: Canada Permanent Trust Company, Montreal & Toronto

Bankers: Canadian Imperial Bank of Commerce, Montreal

Executive Offices: Dominion Square Building,
1010 St. Catherine St. W., Montreal 110, Canada

Mine Office: Oka, Quebec

Listed: Canadian Stock Exchange, Montreal



St. Lawrence's Oka operation has been producing columbium concentrates since 1961. Originally an open pit operation, it has been converted into an underground operation and the Company is in a position to take full advantage of expected major growth in the use of columbium.

COMPARATIVE SUMMARY

FISCAL YEARS ENDED SEPTEMBER 30

	1968	1967	1966	1965	1964
Tons milled	360,194	369,642	406,698	383,553	321,585
Lbs. of Cb_2O_5 produced	2,005,989	2,368,225	2,647,667	2,203,985	2,091,725
Revenue from production	\$1,966,937	2,799,982	3,188,114	2,328,638	2,164,443
Operating costs	\$1,614,581	2,170,411	1,928,236	1,591,744	1,506,288
Administrative and selling expenses, interest and mining taxes	\$ 228,187	286,771	321,046	282,809	225,986
Profits before depreciation and amortization	\$ 124,169	342,799	929,259	454,495	432,169

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

To the Shareholders:

April 1969

With the underground installations at Oka in full operation, our mining and milling facilities are ready to meet the 20% annual growth in columbium consumption projected over the next five years. The investment of \$2,000,000 mainly to convert our mining operation from an open pit to an underground operation, has placed us in a position to take full advantage of the expected major upswing in the use of columbium. Our plan to establish a diversified mining organization has already proven fruitful and further steps to broaden our scope of activities have been taken.

The financial statements for the year ended September 30, 1968 show an operating profit of \$124,168.67, before provision for depreciation.

The secured loans and loans from directors which became due during fiscal 1968 were renegotiated and are now payable by instalments through January 1, 1974, thus improving our working capital position.

As indicated in last year's Annual Report, the oversupply of columbium concentrates which induced your Company, and most of the columbium concentrate producers, to curtail production in the first part of 1968, had an adverse effect on earnings for fiscal 1968.

Our efforts to enter columbium into the family of commodities sold under disciplined marketing policies have been fruitful. During the latter part of 1968, the columbium market improved considerably. Demand has picked up to a point where we are practically sold out until the end of December 1969 and at improving prices.

Part of the growing demand is due to wider use of columbium-treated steels by both the pipeline and shipbuilding industries.

Independent forecasts are that consumption of columbium in alloy and carbon steels should at least double by 1975. Moreover, the potential use of columbium as an additive in the continuous casting of steels and the development of the "controlled cooling process" could lead to a major breakthrough in the consumption of columbium by the steel industry.

A similar growth is forecast in the consumption of columbium in specialty alloys. Usage of columbium in nickel-base and high-temperature alloys is developing and certain industries forecast a five-fold increase in their needs by 1972.

Commercial use of columbium-base alloys has started to materialize with the consumption of super-conducting magnets which use advantageously the super-conducting properties of columbium at low temperatures. In the aerospace industry, because of their resistance at high temperatures, columbium sheets play an important role in the Apollo moon shots.

Following decision by the nuclear energy industry to experiment further with fast breeder reactors, usage of columbium in this important field promises a bright and close future. "Hail Columbium" was the reaction of an American company which has successfully built a pump made of columbium and capable of handling at 2000°F molten lithium used as a cooling agent in some reactors. Furthermore, experiments conducted for the U.S. Atomic Energy Commission have indicated that columbium alloys as cladding and structural materials in fast breeder reactors were not adversely affected by neutron radiations.

In the light of these new developments and others, we estimate that apart from any breakthroughs, demand for columbium concentrates should double over the next five years.

To meet this increasing demand, our operations are scheduled to produce 2,800 tons of concentrates during the current fiscal year, a 40% increase over fiscal year 1968. Accordingly, we have accelerated underground development and a third level is being opened, which will also permit another increase in production. The growing market, together with increasing prices for our concentrates, should improve the financial statements for fiscal 1969 despite acceleration of our development program.

Drill proven ore reserves as of October 1, 1968, stood at 2,500,000 tons grading 0.48% Cb_2O_3 , all located above the 1000-foot level and within a radius of 1000 feet of the shaft. No exploratory drilling was done in fiscal 1968 as ore reserves represent six years of operation at the present mining rate. It should also be emphasized that this estimate does not include substantial ore reserves indicated below the 1000-foot horizon. In addition, your Company, directly and through its subsidiaries, holds mining rights in more than 2500 acres located within the favourable Oka complex.

With its underground operation well controlled, the Company has started to broaden its mining activities, taking advantage of the exploration and production abilities of its personnel, well equipped to meet this challenge.

Through long-term planning, St. Lawrence Columbium and Metals Corporation and Antiquois Mining Corporation, its wholly-owned subsidiary, now control an interesting and varied portfolio of mining prospects. Some are now described.

Iron prospects

Lake St. Joseph Iron Ltd. is the owner of patented mining claims located in the Lake St. Joseph area, 275 miles north of Port Arthur, Ontario. Trenching and diamond drilling have indicated 240,000,000 tons of magnetite-hematite mineralized rock grading over 35% iron. This property is in the neighbourhood of the Steep Rock Iron Mines Ltd. iron ore deposits, recently optioned to Algoma Steel Corporation, Limited. During 1968, exploration work was conducted on this property by a major Canadian steel producer. This work will continue in 1969 while our research staff will conduct beneficiation test work on the iron ore samples obtained from this exploration work.

Your Company also owns two other groups of patented iron ore claims located near the Can-Fer Mines Ltd. deposits in the Kowkash-Paska district of Ontario. Magnetite mineralization has been traced over a length of 4000 feet on each group. Additional diamond drilling is required to define tonnages and grades.

Copper prospects

Barvallée Mines Limited holds three promising copper prospects located respectively in Louvicourt, Bourlamaque and Fiedmont Townships in Northwestern Quebec. On the latter property, diamond drilling has indicated 200,000 tons of material assaying 1.2% copper, 5.2% zinc and 1.3 oz. silver per ton. Additional diamond drilling will likely increase these reserve estimates. An intensive exploration program, including geophysical surveys and diamond drilling of the known ore zones and most favourable anomalies, is already in progress on the three properties.

Gaspé Metals Limited has a property located in Holland Township, adjoining the Gaspé Copper Mines Ltd. property in the Gaspé Peninsula. Three holes have been drilled on this prospect and have intersected the porphyry formation in which copper mineralization is usually encountered in this region. Further diamond drilling is warranted on its property.

Your Company also controls Consolidated Monpas Mines Ltd., owner of a copper prospect located in Duvernay Township, Northwestern Quebec. Diamond drilling conducted some 15 years ago returned mineralized intersections grading as high as 2.7% copper over a 25-foot intersection. Additional exploration work on this property is planned.

Silver/zinc prospects

Consolidated Pershcourt Mining Ltd. has a silver/zinc property located in Barraute Township, near Val d'Or, Quebec. Adjoining to the west, is the silver/zinc property of Abitibi Silver Mining Corporation, also controlled by your Company.

As mentioned in our last letter to our shareholders, these properties are being actively explored to fully assess the potential of the silver/zinc mineralized zone which has been traced over a length of 4000 feet on these adjacent properties. Since May 1968, over 35,000 feet of diamond drilling has been done on these properties and drilling is continuing. The information presently available does not allow us to draw any definite conclusions as to the profitability of a commercial operation at present metal prices.

Now soundly based to take full advantage of the improving columbium demand, your Company is also well equipped to diversify in the more traditional fields of precious and base metals. Accordingly, your Board of Directors is confident that your Company's opportunity to grow as a producer in the mineral resources industry is firmly established.

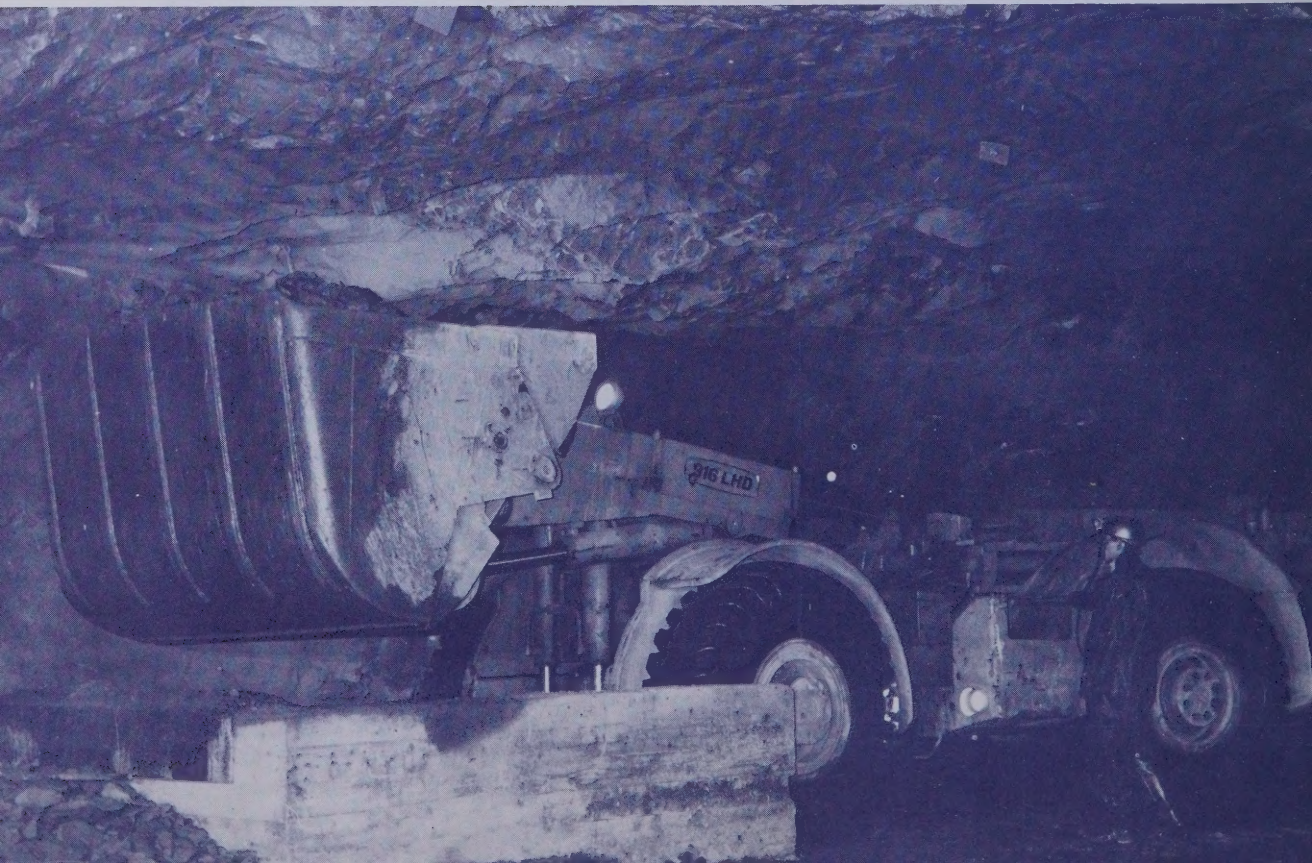
Your Directors take this opportunity to express their appreciation to the Management and Staff for their cooperation and excellent services rendered throughout the year.

On Behalf of the Board,

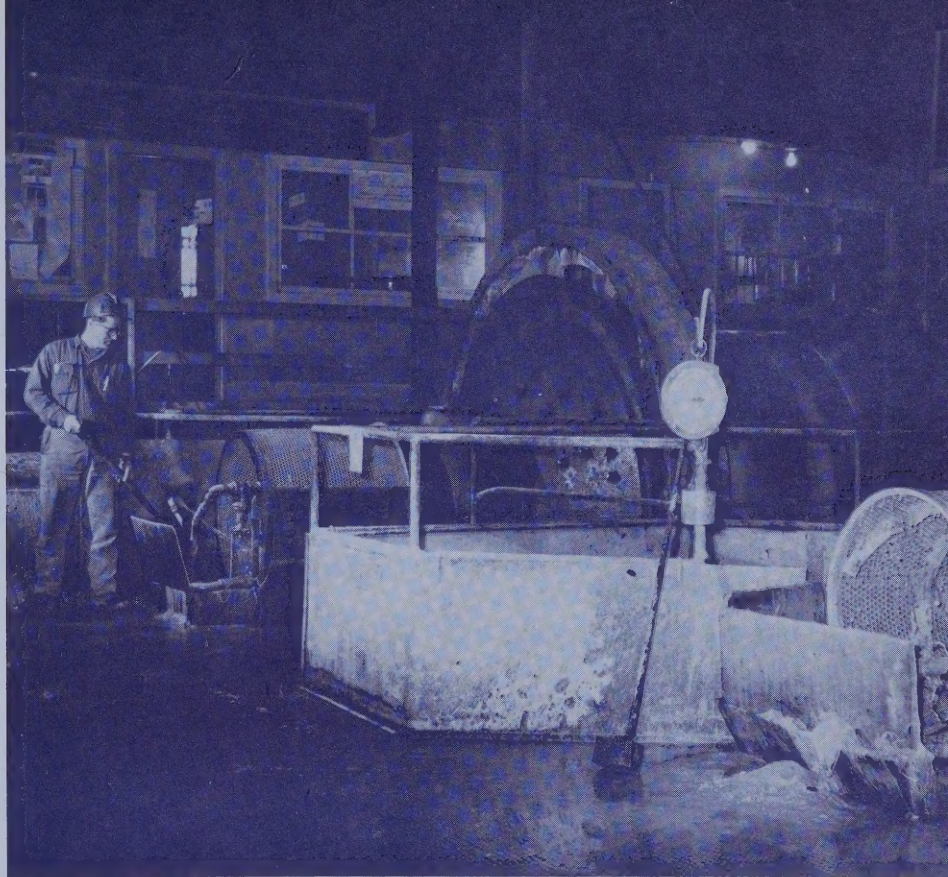
Jean-Joffre Gourd,
President.



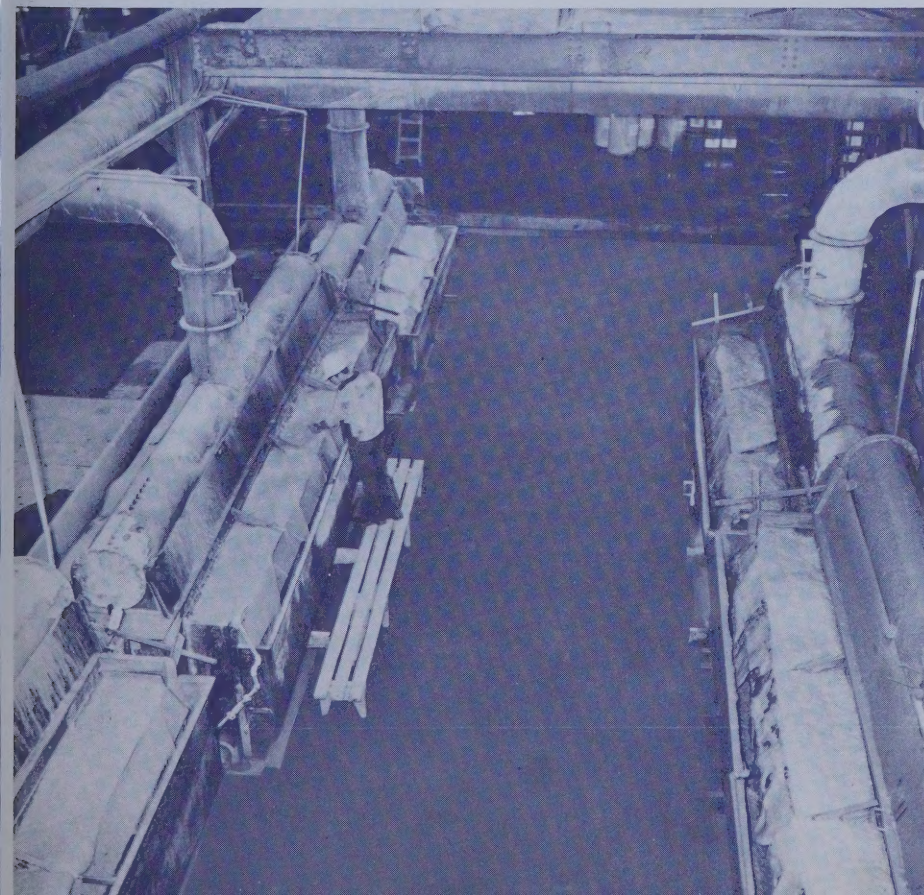
Several hundred feet underground, huge L.H.D. equipment is used to load, haul and dump ore from the mining areas into the ore pass system.



Opening a new level and preparing it for mining operation requires thousands of feet of drifting. Three miners are shown drilling a drift round.



Three rod mills capable of handling over 1800 tons per day reduce ore to the proper size for the subsequent flotation process which will concentrate the columbium minerals.



The concentration process developed by St. Lawrence for the production of columbium concentrates includes a bulk flotation circuit which eliminates most of the gangue (worthless minerals). Constant control results in a quality product.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

BALANCE SHEET as at September 30, 1968

ASSETS

CURRENT ASSETS:

Cash	\$ 71,592.64	
Receivables less Reserve for Bad Debts	215,022.68	
Stock of Concentrates Valued at the Net Estimated Selling Price	47,770.55	
Stock of Material and Supplies at Cost	143,589.04	
Prepaid Expenses	5,999.76	\$ 483,974.67

SPECIAL REFUNDABLE TAX	16,204.72
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DEFERRED:

Interest	\$ 124.71	
Pre-Production Expenses on Oka Properties at Cost less Amounts Written Off	340,648.83	
Development Expenses on Other Properties	67,206.40	407,979.94

INTEREST IN MINING COMPANIES:

Shares at Cost (No Quoted Market Value)	\$ 973,850.38	
Advances	290,060.10	1,263,910.48

FIXED ASSETS: At Cost

Land and Buildings	\$ 911,853.89	
Shaft, Machinery, Equipment and Furniture	2,954,271.93	
	\$3,866,125.82	
Less: Accumulated Depreciation	1,471,653.46	
	\$2,394,472.36	
Mining Properties	1,945,857.72	4,340,330.08

INCORPORATION AND ORGANIZATION EXPENSES	7,058.19
	<u>\$6,519,458.08</u>

Approved on behalf of the Board of Directors:

JEAN-J. GOURD, *Director*

JEAN MONETTE, *Director*

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

BALANCE SHEET

as at September 30, 1968

LIABILITIES

CURRENT LIABILITIES:

Accounts and Wages Payable and Accrued Charges	\$ 273,052.41	
Mortgage Secured Loan 8% Interest, Quarterly Instalments Maturing within One Year	45,000.00	
Instalment due April 1, 1969 on Purchase of Assets (Non interest bearing)	45,000.00	
Instalment due September 30, 1969 on Note Payable 6½ % Interest	28,941.61	\$ 391,994.02

OTHER LIABILITIES:

Mortgage Secured Loan 8% Interest, Payable by 17 Quarterly Instalments of \$11,250.00 each	\$ 191,250.00	
Instalments due April 1, 1970 and 1971 on Purchase of Assets (Non interest bearing)	95,000.00	
Instalments due September 30, 1970 and 1971 on Note Payable 6½ % Interest	57,883.22	
Loan from Directors 6½ % Interest, due January 1, 1974 . . .	197,850.17	541,983.39

SHAREHOLDERS' EQUITY

CAPITAL STOCK: (Note 1 for Options Granted)

Authorized:

5,000,000 Shares \$1.00 Par Value each	<u>\$5,000,000.00</u>
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Issued and Paid Up:

3,048,716 Shares	\$3,048,716.00
Premium on Shares	456,800.00
	<u>\$3,505,516.00</u>

CAPITAL SURPLUS	1,947,954.34	
EARNED SURPLUS	132,010.33	5,585,480.67
		<u>\$6,519,458.08</u>

AUDITORS' REPORT

To the Shareholders of St. Lawrence Columbiu and Metals Corporation.

We have examined the balance sheet of St. Lawrence Columbiu and Metals Corporation as at September 30, 1968 and the statements of profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet, statements of profit and loss and earned surplus and the note attached to the financial statements, present fairly the financial position of the Company as at September 30, 1968 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, January 7, 1969.

DENIS, DESMARAIS, HOULE, MOONEY ET ASSOCIÉS,
Chartered Accountants.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 1968

REVENUE FROM PRODUCTION	\$1,966,937.23
<i>Less:</i>	
Mine Operating Cost	\$1,614,581.28
Administrative and Selling Expenses	184,986.84
Financial Expenses	42,987.56
Outside Exploration	<u>212.88</u>
	1,842,768.56
	\$ 124,168.67
<i>Less:</i>	
Depreciation on Buildings and Equipment	<u>256,511.35</u>
NET LOSS FOR THE YEAR	<u>\$ 132,342.68</u>

STATEMENT OF EARNED SURPLUS

BALANCE AS AT SEPTEMBER 30, 1967	\$ 263,458.22
<i>Add:</i>	
Adjustment of Québec Mining Taxes for Prior Year	894.79
	<u>\$ 264,353.01</u>
<i>Deduct:</i>	
Net Loss for the Year	<u>132,342.68</u>
BALANCE AS AT SEPTEMBER 30, 1968	<u>\$ 132,010.33</u>

NOTE TO FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 1968

Note 1 — The following options to purchase shares of the capital stock of the Company were outstanding: To various employees: 46,300 shares at a price of \$2.50 per share, all expiring on October 1, 1971.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

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STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 1968

FUNDS PROVIDED:

Operating Results	\$124,168.67
Consisting of:	
Net Profit (Loss) for the Year	(\$132,342.68)
Charges against operations which in themselves did not require a cash outlay during the year	<u>256,511.35</u>
	<u>\$124,168.67</u>
Issue of Company's Shares	283,000.00
Mortgage Secured Loan, 8% Interest	270,000.00
Refund of Special Income Tax	3,009.89
Refund of Mining Duties of Prior Year	<u>894.79</u>
	<u>\$681,073.35</u>

FUNDS APPLIED:

Additions to Buildings, Equipment and Shaft (Net)	\$ 89,018.14
Purchases of Shares of a Subsidiary	281,250.00
Advances to Subsidiary Companies	2,805.53
Long Term Debts	<u>158,238.73</u>
	\$531,312.40
Increase in Working Capital	<u>149,760.95</u>
	<u>\$681,073.35</u>

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

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INTEREST IN MINING COMPANIES AS AT SEPTEMBER 30, 1968

	Investments	Advances
Anaconda Iron Ore (Ontario) Ltd.:		
60,000 Free Shares	\$ 36,983.66	
(Pledged)		
Gaspé Metals Limited:		
188,200 Free Shares		
1,081,110 Escrowed Shares	70,787.50	
Oka Columbium & Metals Ltd.:		
900,000 Free Shares		
965,000 Escrowed Shares	211,000.00	\$ 6,753.33
Lake St. Joseph Iron Ltd.:		
1,026,666 Escrowed Shares	1.00	282,306.77
Main Oka Mining Corporation:		
163,266 Free Shares		
700,400 Escrowed Shares	86,366.60	1,000.00
Sundry Investments acquired through the issuance of fully paid and non assessable shares of the capital stock of St. Lawrence River Mines Ltd., a predecessor company	568,711.62	
a) Oka Columbium & Metals Ltd.:		
635,000 Escrowed Shares		
b) Antiquois Mining Corporation:		
1,150,000 Free Shares		
750,000 Escrowed Shares		
	<u>\$973,850.38</u>	<u>\$290,060.10</u>

